

January 31, 2013

Mayor Greg Norgaard  
City of Poplar  
406 2nd Avenue, West  
Poplar, MT 59255

Dear Mayor Norgaard:

This letter is written on behalf of Murphy Exploration & Production Co.-USA ("Murphy"). As I believe you are aware, Murphy is one of the three respondents to a March 26, 2012 Administrative Order on Consent ("AOC") issued by USEPA Region 8 with respect to the East Poplar Oil Field. Paragraph 15 of the AOC provides for a contingent payment to the City of Poplar of \$320,000, which relates to expenditures for (i) a pipeline to connect Poplar to the new Fort Peck Rural Water System and (ii) relocating Poplar's public water supply wells. One of the prerequisites to the payment is written confirmation by Poplar's consultant, Interstate Engineering, that \$320,000 is "the approximate portion of the City's expenditures for such work that is attributable to the City's own funds rather than grant funding." While Murphy received correspondence prepared by Interstate Engineering indicating that total expenditures from all sources of funds for the Paragraph 15 work are \$487,442.53, we have not received from Interstate (or anyone else) information addressing the approximate portion of those expenditures "that is attributable to the City's own funds rather than grant funding."

Given that the required funding source information has not been provided, no payment is required under Paragraph 15. Nevertheless, it has been, and continues to be, Murphy's intention that Poplar should be reimbursed for the expenditures to which Paragraph 15 refers insofar as those expenditures are attributable to use of Poplar's own funds as opposed to grant funding (and with the amount stated in Paragraph 15 as the maximum reimbursement). For that purpose, Murphy has referred to information on which USEPA and the AOC respondents relied in connection with Paragraph 15, which indicates that about 79 percent of the subject expenditures are attributable to grant funding and about 21 percent are attributable to the City's own funds. Applying the latter percentage to total expenditures of \$487,442.53 yields \$102,362.93; Murphy's one-third share of that amount is \$34,120.98; we rounded that figure to \$35,000, which is the amount of the enclosed check.

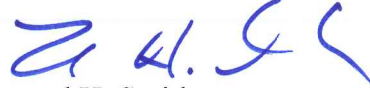
Finally, although multiple previous requests by the AOC respondents for the funding source attribution information required by Paragraph 15 were unsuccessful, I repeat the request here. If

Mayor Greg Norgaard  
January 31, 2013  
Page 2

that information is provided to Murphy in a timely manner and justifies an additional payment, Murphy will make the additional payment.

Very truly yours,

CROWLEY FLECK PLLP



Leonard H. Smith

cc: Nathan Wiser  
Terrance L. Toavs  
Lonnie Fleck  
Scott M. DuBoff  
Steven L. Leifer  
Elizabeth E. Mack